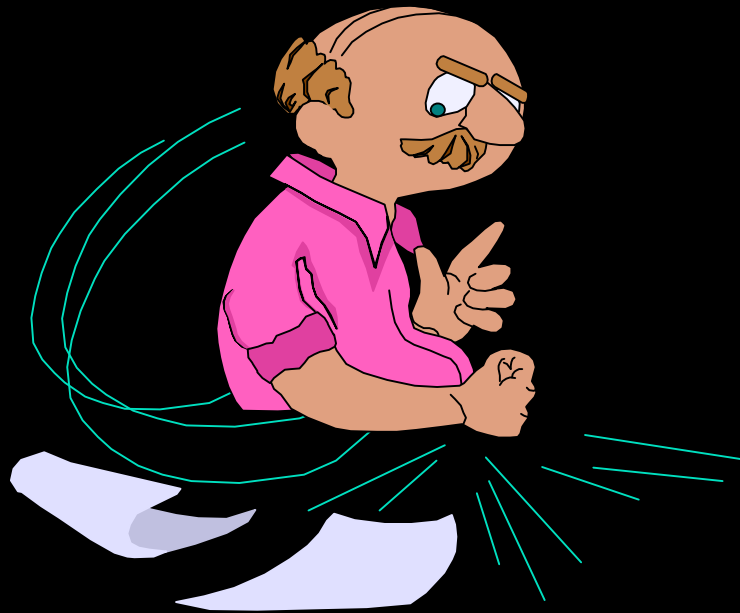


Eligibility - The End of Empowerment



Why can't we do that?

Introduction

- Review of eligibility policy - the starting point.
- Review of “Most Variable” eligibility calls.
- Focus on difficult eligibility calls.
- Differences between AIP and PFC eligibility.

After 50 Years of Grants, Why Is THIS So Important

- Actually, it's been important to our customers all along.
- PFC decisions, including eligibility calls, are widely available - inconsistency is readily apparent.
- PFC Program consistency is critical to preserving the program's flexibility.

The basic policy comes from
Paragraph 500 of the AIP
Handbook

FAA determination on eligibility of safety and security facilities as well as other airport development items is based on a policy that...

the airport standards and regulatory requirements, if fully met by an airport, provide for adequate facilities and equipment to meet public needs.

Any development beyond those standards or requirements would not be eligible for Federal funding.

For Example...Standards for Runway Length

- Eligible Projects Must Not Exceed Current Standards for the Airport.
- Runway Length/Strength Standards Determined by Critical Aircraft: 500 annual itinerant ops annually or used in commercial service.
- If no service now, must have letters from users committing to serve the airport in critical aircraft at critical haul length.

Projects Exceeding Regulations/Standards Not Eligible - Not AIP, Not PFC

- ARFF - No equipment/facilities in excess of index requirements.
- Snow Removal Equipment - eligible equipment per AC.
- Security Projects - must be signed off by CASFO.

Terminal Construction/Expansion

- Only public use spaces, plus gates and related areas, directly related to movement of passengers and baggage are eligible.
- PFC generally gets you more, however...
- Airline admin. & airport admin. not eligible.
- So, need to prorate costs, same as AIP.
- Use ACs to evaluate terminal space, gate requirements.

Utilities, Access Roads, Rail Systems



- Prorate utilities, as with AIP.
- Access Roads and Rail Connections - on airport, exclusive airport use, connect to nearest public highway/regional transit system of sufficient capacity.
- On airport people movers eligible, even if connecting terminal to parking lots.

*Facilities, Leases, or Land in the
Way of Eligible Development*



Different Rules, Depending on Who Owns

- Reference to paragraphs 310e.(3), 582, & 595.
- Non-Residential.
- *Owned by other than the airport*, acquisition is eligible - *OR* relocation on airport OK up to FMV.
- *If airport owns the facility*, only demolition costs minus salvage OK - if sponsor relocates, demolition costs may be applied.

HOWEVER....

- *Replacing* otherwise ineligible facilities, e.g. an ineligible parking lot, hangar, concession space in the terminal, is not eligible...**no matter who owns it.**

Yeah, but...what about leases?

- First, check the lease provisions for landlord termination rights and provisions.
- Somewhere between depreciated and replacement cost of tenant improvements will be eligible if lease provides for *Damages*.
- Leaseholds only have significant value if “sweetheart” deal - must have appraisal.

So, to summarize, eligible costs to extinguish a lease are...

- Moving (as in Atlas Van Lines) *if provided for in lease*, plus
- Damages (as in tenant improvements) *if provided for in lease*, plus
- Value of Leasehold (fairly straightforward appraisal calculation).

*If US Government is in the way,
...see us.*

- Use of AIP funds to acquire or relocate U.S. government facilities is statutorily prohibited. Section 47125.
- Use of PFC funds is OK, but only for Acquisition of Property Interest.
- No appraisals standards apply, so acquisition cost is negotiated.
- Letter from agency being acquired regarding basis for negotiation is needed.

PFC/AIP Eligibility Differences

- Federal property in way of eligible development: Again, statutory prohibitions do not apply to PFC.
- ATCTs, NAVAIDS, including radar, in way of *eligible* projects *are* PFC eligible (FAA Reauth. Act of 1996).

PFC/AIP Eligibility Differences continued....

- PFC Noise projects do not have to be in an approved Part 150.
- Terminal gates and related areas are PFC eligible, but not AIP eligible.

Administrative Costs

- Direct and Indirect PFC Administrative Costs are PFC Eligible.
- If Indirect costs will be claimed, PA must have indirect cost allocation plan on file. No FAA review/approval required.
- Ongoing PFC administration costs OK.
- AIP administrative costs are not PFC eligible.

Exhibit “A” Property Map

- Eligible if needed for a PFC funded project.
- If only needed for AIP administration, not PFC eligible.

Summary

- Review of Basic Eligibility Policy
- Some Ordinary Eligibility Calls
- Differences between AIP and PFC eligibility

Feedback Time

- Questions?
- Comments?

